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ICELAND - TROUBLED ALLY

by

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NAVAL WAR COLLEGE  
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ICELAND - TROUBLED ALLY

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May 1974



## ABSTRACT

"Iceland-Troubled Ally" is a background study of that nation, which illustrates the various physical and economic difficulties which it faces. The paper uses various comparisons to describe the environmental, political and economic shortcomings of the country. The history of the "Cod Fish Wars" and the U.S. military presence on the island are briefly traced, and the political implications of these two issues is addressed. The paper concludes that most of the problems of Iceland are a function of her geographical position and physical environment.

## FORWARD

Iceland will soon make a decision on whether to continue to allow the United States to maintain troops on Icelandic soil. What that decision will be is not known, nor is it possible to foretell at this time. One of the reasons that the State Department and the Navy have been unable to project Iceland's intent is because of the complexity of the people and of the island itself.

The purpose of this paper is to catalogue some of those complexities in an attempt to gain an insight into Iceland and her people. While a measure of the various facets of the intricate Icelandic way is provided, the paper will be found to be inadequate if one expects revelations that will <sup>permit</sup> enable swift and correct predictions of future courses of action by the Icelanders. However, if upon conclusion of the article the reader has a better understanding of Iceland and her people, then the objective of the effort to define Iceland, the troubled ally, has been achieved.



## THE STRATEGIC IMPORTANCE OF ICELAND

Iceland is a tiny island in the North Atlantic, yet it is a giant link in the chain of defense of both the North Atlantic Treaty Organization and the United States. Iceland has no army; her only offering--a major contribution--is a strategically located air base at Keflavik. Because of its geographical position, NATO aircraft operating from the complex at Keflavik can monitor the activities of the Soviet surface and subsurface fleets as they enter and depart the North Atlantic through the Norwegian Sea.

The military significance of a NATO base on Iceland is seen in the words of a concerned Scandinavian that appeared in Time Magazine in October 1971:

Johan Jorgen Holst, research director of the Norwegian Foreign Policy Institute, warns that the Soviets intend 'to push their naval defense line outwards to Iceland and the Faeroes,' which could turn the Norwegian Sea into what he calls a 'Soviet Lake.'<sup>1</sup>

The comment made by Russia's Defense Minister, Andrei A. Grechko, as reported in The New York Times on 24 February 1974, would seemingly support the Norwegian concern.

. . . Grechko today asserted the Soviet Union's intention to keep strengthening its armed forces, including its arsenal of strategic weapons, despite the resumption in Geneva . . . of the talks on limiting strategic arms.<sup>2</sup>

While Iceland is critical to the strategy of the West, there is a possibility that the U.S., which operates the key NATO complex at Keflavik, could find herself asked to leave the island in 1975. Whether the 3,000 Americans that constitute the token defense of the island as the Iceland Defense Force (IDF) will actually depart has not yet been decided by the Icelanders.

Icelanders are a unique and complex people, living in a unique and complex environment. Dependent upon the season, environmental burdens seem to weigh more heavily on the Ice-lander as he strives to be both a nationalist and a member of the world community. During the long cold and dark winter months, when the distractions of a warming sun lie far below the horizon, he can take to brooding over the destiny of the tiny island. Issues tend to overlap and become tangled in his mind's eye, making Icelanders and their politics difficult to comprehend. Because Iceland is both a friend and a neighbor, we should try to unravel some of the complexities

that constitute the fabric of Iceland the nation. Perhaps in so doing it may be possible to better understand and appreciate the circumstances that makes our friend Iceland a troubled ally.

While Iceland is a nation made up of free and independent thinking men and women, it is also made up of an island they call home. And it is to this we must turn our attention initially, if we are to begin to catalogue the many problems with which Iceland must contend.

#### THE INCONGRUOUS ISLAND

Here where the world is quiet,  
Here, where all trouble seems  
Dead winds' and spent waves riot  
In doubtful dreams of dream.

Swinburne<sup>3</sup>

Iceland lies in the highest latitudes of the North Atlantic, precariously perched atop the stormwashed Mid Atlantic ridge. Covered with an incongruous crust of glaciers and volcanoes, subject to the occasional tremor of an earthquake, Iceland appears to be located at the crossroads of most of Mother Nature's dirty tricks. Only a few miles south of the Arctic Circle, Iceland is far removed from the normally heavily

trafficked sea and air routes of the North Atlantic. The nearest major land mass is Greenland, 178 miles to the northwest, while Scotland is 496 miles to the southeast. The closest point of North America is the southeast coast of Labrador, some 1,360 miles distant. Norway and Europe lie 603 miles to the east.

Excluding the few small islands that dot the coastal regions, Iceland measures 298 miles from east to west and 194 miles from north to south, covering an area of approximately 39,644 square miles. This is about the same size as the state of Virginia. However, the comparison ends here, for Virginia has a population in excess of  $4\frac{1}{2}$  million people in contrast to Iceland's 210,000 people.

The average elevation of Iceland is 1,650 feet, with the 6,950 feet Hvannadalshnukur the highest peak on the island. In general, Iceland is a tableland, although a large lowland area is found in the southwest portion of the island, a region called the Reykjanes, which covers approximately 2500 square miles. The Keflavik NATO air base is located in this area.

#### A LAND OF ICE AND FIRE

The topography of Iceland is as unique as any geographical

area in the world. For example, the island is more densely populated with volcanoes than any other comparable region, with at least 200 volcanoes already identified. Of these, 30 have been active in historic times, from which there have been more than 150 eruptions recorded since Iceland was first settled in the 9th century.<sup>4</sup> The Hawaiian type shield volcano, as well as the Fuji type central volcano are found on the island. It has been estimated that since the year 1500, Iceland's volcanoes have produced one third of the world's lava.<sup>5</sup> As a result, lava covers about one eighth of the island's surface. The largest unbroken lava field covers an area of approximately 1,800 square miles.

Originally it was thought that Iceland had been completely covered by one massive ice sheet during Pleistocene times. Recent studies however have established that two separate ice centers existed, one in the highlands of the Northwest Peninsula, and the other in the Central Plateau. Today the primary glacier area is the remnant of the great Central Plateau ice center. Still, glaciers cover approximately  $11\frac{1}{2}$  per cent of the island.

The most incongruous aspect of Iceland's physical environment is the over and under existence of glaciers and

volcanoes. Two of the most active volcanoes on the island are ice-covered. One of these, Katla, is buried under the massive 2,200 square mile Vatna Jokull glacier. The thermal contrast results in volcanic heat continuously melting the glacier ice above, which forms into large intricately dammed reservoirs. When these volcanoes become active, as Katla did in 1918, the eruption of lava and fire is accompanied by a flood of released waters. This phenomenon is called a "glacier burst." It was estimated that the 1918 eruption of Katla released a torrent three times greater than the discharge rate normally found at the mouth of the Amazon River.<sup>6</sup>

#### THE BOUNTIFUL SPRINGS

One of the few natural resources that abound on the island is the natural thermal springs. It is estimated that there are over 800 of these springs located in 250 different thermal areas. The largest of the springs can produce as much as 40 gallons of water per second at temperatures up to 212°F. As a matter of interest, the steam generated by the local springs gave the island's capital city, Reykjavik, its name, which means "smoking bay." Today, over one half of the 80,000 people who live in Iceland's capital city enjoy the clean central



heat provided by the geothermal springs. Reykjavik's energy is obtained from 58 boreholes in and around the city, one of which descends to a depth of 7,200 feet.<sup>7</sup>

In addition to heating homes, offices and greenhouses, geothermal energy is also used to heat the waters of about 80 public swimming pools. The easy access to a pool explains the popularity of swimming in Iceland.

Altogether it is estimated that the use of the natural geothermal energy on the island is equivalent to an annual consumption of 65-70,000 metric tons of fuel oil.<sup>8</sup>

#### THE LACK OF AGRICULTURE

After the glaciers, volcanoes, lava fields, and thermal springs, little land is left that is suitable for cultivation. The island covers an area of approximately 25½ million acres, yet only 250,000 acres, or one per cent of the total land area, is under cultivation. The World Almanac and Book of Facts - 1974, provides statistical data which is useful in illustrating the extent to which land is used for farming. Virginia, for example, has 64,572 farms covering an area of 10,649,862 acres. Of these farms, there are 206 that are made up of 2,000 or more acres. Combined, these large farms have a total

area in excess of 410,000 acres, or approximately 1.6 times more farm land than Iceland has under cultivation.

Superimposed upon Iceland's limited crop-capable acreage are the additional natural constraints of a 4 to 5 month growing season as well as a rigorous climate. Fortunately, 24 per cent of Iceland's craggy surface is available as pasturelands, and is extensively used. These meadows support livestock, principally sheep, although cattle and some horses are maintained.<sup>9</sup>

#### WARM WATER BENEFITS

Were it not for the relatively warmer Iminger Current, a branch of the North Atlantic Current that carries tropical waters northward, Iceland's climate would be more arduous than it is. The Iminger washes the shores of the southern coastal section of the island, and in so doing assists in maintaining a more moderate winter temperature in the coastal areas. As a direct result, harbors along the south coast are ice-free throughout the year. This is in contrast to the west and northwest portion of the island, which is occasionally brushed by a chill branch of the East Greenland Polar Current, as it moves icily southward. When the current does pass

close to the coast, it carries sufficient drift ice to clog and even block Icelandic ports, particularly during the early spring months. Climatic conditions have been such that there has been no major closing of west coast harbors by drift ice since 1920.<sup>10</sup>

#### WEARISOME WEATHER AND DARK WINTER NIGHTS

Of course Iceland's climate is a function of her geographical position, particularly her latitude. Located between 63° N. and 66° N., the summer sun reaches no more than 50° above the horizon. On 21 June there are 21 hours and 1 minute of daylight at the Keflavik NATO base. During midwinter, the sun never climbs higher than 3° above the horizon, and on 21 December there are only 4 hours and 19 minutes of daylight.<sup>11</sup> In the far north of the island during winter, there is a short period of time when the sun is not visible at all.

Iceland also lies athwart the major storm track of the North Atlantic. This particular cyclone path runs SW to NE and provides Iceland with the most variable weather in the world. In the middle of winter, the frequency of major storms that pass the island is from five to seven a month. The

prevalence of low pressure in the area has resulted in the region being statistically below world-wide levels of standard atmospheric pressure. This has led to the climatological classification of the Icelandic Low, centered over Iceland and southern Greenland. The only comparable low pressure region in the Northern Hemisphere is the so-called Aleutian Low of the North Pacific.

As indicated previously, the southern coast of Iceland has a relatively moderate winter as a result of the Iminger Current. At the NATO base at Keflavik, located on the southwest corner of the island, the average daily mean temperature in January is 32.1°F. And as if to show that Mother Nature isn't all bad, it has never snowed at Keflavik during July and August.<sup>12</sup>

#### THE WONDER OF ISLAND DEVELOPMENT

Considering the hostile environment of Iceland, and the fact that the island is relatively barren of any commercially exploitable natural resources, it is remarkable that the island was ever inhabited. The settlement of the island over 1,000 years ago has been described as an extraordinary achievement and unique feat in its own right.<sup>13</sup> This is particularly true

in that the early settlers never encountered any local natives who could have assisted the immigrants in adapting to the unamiable environment. However, settlements prospered and by the year 1703, when the first complete census was taken on the island, the population numbered about 50,000 people.<sup>14</sup> By 1973 the population had grown to an estimated 210,000 people, all of whom live on only 20 per cent of the total land area of the island.

Perhaps the most significant characteristic of Iceland's population is that it is homogeneous. Since the arrival of the first settlers in 860 there has been no significant change in the ethnic structure of the country. The majority of the immigrants were Norwegians, but there were Swedes amongst them. It is also estimated that another sixteen per cent of the population migrated from Ireland and the British Isles. The mixed Scandinavian-Celtic origins of the Icelandic people has been substantiated by blood-type sampling.<sup>15</sup>

The population of Iceland is increasing at an annual rate of approximately 1.5 per cent, which is about 25 per cent lower than the world rate of 2 per cent.<sup>16</sup> Barring catastrophes, Iceland at her present rate of growth will attain a population level of 300,000 in the mid 1990s. Yet, this will give the

island less population than Omaha, Nebraska had in 1960.<sup>17</sup>

Considering that there is full unemployment in Iceland, it would appear that the nation's work force is nearly completely maximized. Unfortunately in a tight manpower market, it would seem that any labor-intensive enterprise would be virtually impossible to initiate without disrupting or having an adverse influence upon the economy in general.

#### ICELAND AND HER CULTURAL RICHES

Iceland has few natural riches, but numbered amongst those she has is her language, one of the oldest of Europe. In that the language has remained almost unchanged, Icelandic school children can read and understand the prose of the twelfth and thirteenth centuries as easily as if the words had been written just yesterday.<sup>18</sup> In addition to being spoken in Iceland, Icelandic is also used by approximately 15,000 immigrants in North America.<sup>19</sup> Although Icelandic is the national language, English is extensively used throughout the island.

Besides the language, Icelanders are also very proud of the literary achievements of their forefathers. The literary art-form reached its peak in the 13th century in the famous



sagas and chronicles of the historian Snorri Sturluson. The tales of Norse gods and heroes are a familiar part of the European heritage of myths and legend, but it is not well known that they were derived from early Icelandic manuscripts.<sup>20</sup>

In a land that has an apparent ingrained love of the written word, Icelanders have not rested on the literary laurels of their ancestors, as they continue to put pen to paper. It is not unusual for Iceland's book publishers to produce annually as many as 300 titles in editions ranging from 2,000 to 15,000 copies.<sup>21</sup> As recently as 1955 Iceland contributed a Nobel Prize winner in literature, Halldor Kiljan Laxness. It is rather unfortunate that Laxness is one of the Communist Party's richest assets.<sup>22</sup> During the 1920s, while in the United States, he was rejected as a young writer, but upon his return to Iceland, was befriended by the Communist Party and became a fellow traveler. It is Laxness however, who describes Icelanders' obsession with their ancestors as a "mental illness with us."<sup>23</sup> The fact that lengthy genealogies, which are a major part of Icelandic sagas, are very popular, and read for "art, enjoyment, and final wisdom" reveals, according to Laxness, several facets of Icelandic character.<sup>24</sup>

## GOVERNMENT ON THE ISLAND

One facet of Iceland's character is seen in her Parliament, which was founded in the year 930. Called the Althing, it was once described by Sir Winston Churchill as the 'grandfather of all parliaments.'<sup>25</sup>

The annual assembly of the Althing in its early years was the social event of the season, and had both political and cultural influence upon the people. These first sessions, which lasted two weeks, were characterized by civility and reason, and were looked forward to from year to year.

These assemblies continue to be the guiding influence of the nation, and today there are 60 members of the Althing who are elected every four years to represent the people. Other offices include the President of the United Althing, and Speakers of the Upper and Lower Chambers. Although the President appoints the eight ministers, they must have the confidence of the Althing to maintain their positions.<sup>26</sup> The ministerial offices are the Prime Minister, who is also the Minister of Justice, and the Ministers of: Foreign Affairs, Finance, Fisheries, Education, Commerce, Social Affairs and Communications.

## ISLAND POLITICS

Presently there are five political parties that represent the voters of Iceland, but none has a simple majority. Of the five, the Independence Party is the largest with approximately 40 per cent of the electorate. Prior to the 1971 election, the Independence had, with the Social Democrats, been in power since 1959. Originally the party of Iceland's economic overlords, today it is characterized by very liberal programs, representing the right. The Independence Party has concentrated on appealing to young people and intellectuals, and is relatively strong in Reykjavik's labor unions.

The Progressive Party, representing 28 per cent of the voters, is the second largest political body on the island. Originally a purely agrarian party, today it controls Iceland's widespread network of cooperatives, which is the single strongest economic force on the island. Nearly 60 local cooperatives throughout the country form the Federation of Icelandic Co-operative Societies (SIS).<sup>27</sup> Because of its position throughout the land, the SIS maintains a firm grip over a large segment of the commercial life of Iceland. The SIS export division manages about 20 per cent of the frozen fish products, and 85 per cent of the agricultural output. In addition, SIS

operates as the Icelandic agent for both General Motors and Esso. Esso holds the contract for the sale of fuel at Keflavik.

Iceland's third largest political group is the Communist Peoples Alliance with approximately 15 per cent of the electorate in membership. Because militant Communist backers of the party have been working hard to make the party more attractive to labor, there have been some gains made at the polls at the expense of the Social Democrats.<sup>28</sup>

With approximately 14 per cent of the voters, the Social Democratic Party is Iceland's fourth largest political group. Over the years this party has been gradually declining in power as it has lost many of its ties with the labor unions.

The fifth party, the Organization of the Liberals and Leftists (OLL), represents only about three per cent of the voters, and is a coalition of the former Progressive Peoples Union and the Liberal-Left Party. These parties joined forces in 1970 for the avowed purpose of extending Iceland's fishing limits from 12 miles to 50 miles.<sup>29</sup>

The 1971 election swept the coalition government made up of the Independence Party and Social Democrats from office after twelve years of service. Replacing their coalition was

another, made up now with three parties rather than two: the Progressives, the People's Alliance, and the small Liberal-Leftist party. As a result of the election, the new ministers came from the following parties:

Progressive Party . . . . .	3
People's Alliance . . . . .	2
Liberal Left Party . . . . .	2

Iceland's political scene, where there is no majority party, is similar to the political structure of Italy. In that country there has been a steady erosion of the Christian Democrat majority, and a trend toward the establishment of smaller parties. The net effect has been a succession of fragile coalition governments that limp from crisis to crisis.<sup>30</sup>

It would appear that Iceland's government by coalition may well be a permanent fact of political life. The problem of inflation and uneven economy could result in continued party realignments within the country, as sizeable numbers of voters wander outside their larger parties in search of stability and political happiness. Such bodes ill for Iceland, the troubled ally.

## THE WORRISOME ECONOMY

Iceland's economy is based primarily upon fishing and with no other significant industry, Iceland relies heavily upon imports to sustain herself. Both of these aspects of her economy are worrying, and her grave concern with fishing has had serious international implications. The other aspect of her economy--imports--is presently generating tremors that are creating consternation and massive labor problems throughout the island.

## FISHING AS A WAY OF LIFE

The problems associated with fishing, because they transcend local Icelandic interests, may never be reconciled. But the importance to Iceland of fishing was well brought out in a background information letter issued in 1972 by Iceland's Prime Minister. In this paper he stated that fish and fish products have constituted 80-90 per cent of Iceland's total export throughout this century. The information sheet also indicated the problems which the fishing industry is facing. Except for 1973, the total fish catch during the past five years has shown a downward trend. The total haddock catch in



Icelandic waters by Icelanders dropped from 110,086 tons in 1961 to 45,599 tons in 1969.<sup>31</sup> Preliminary figures indicate that the fish catch increased in 1973 by about 22 per cent, due to a large increase in the capelin catch. This increase was to a great extent due to unusually good weather conditions during the capelin catch season. It is of less value however, and its itinerant habits makes an unreliable contribution to the fishing industry. The white fish catch increased only slightly while the cod catch decreased from 385,000 tons in 1972 to 380,000 tons in 1973.<sup>32</sup> The fact that it is a rare event to catch a codfish over 10 years old today, when 15 years ago, the average cod caught by Icelandic fishermen were between 15 and 20 years old and could have spawned from 4 to 5 times, only emphasizes the problems of overfishing. Cod caught today are between 6 and 7 years old, and have spawned once or at best, twice.

Because her economic existence is highly dependent upon fishing, Iceland has taken independent action to increase the restricted fishing grounds that encircle the island to safeguard the only asset to which she has access. This protective action has caused considerable concern to the many nations engaged in fishing in Iceland waters, and has led to a direct

confrontation with England.

### THE COD WARS

Iceland's concern with over-fishing is not a new problem. The issue first surfaced in 1914, but the enforced interruption by World War I of fishing off the coast by other nations allowed the depleted stocks a reprieve. Again, just prior to World War II, there were the same ominous signs, seen previously, of declining fish stocks. International conferences were held in London in 1943 and 1946 and again in Washington in 1950 in an attempt to resolve the over-fishing problem. No solutions were forthcoming. In 1952 Iceland extended her fishing limits from 3 to 4 miles. The British, who have fished Icelandic waters for over 300 years, responded with an embargo that lasted 4 years, finally ending in November, 1956. As a result of the British trawler owners' embargo, which cut off the purchase and processing of Icelandic fish, the Soviet Union in 1953 entered the Icelandic market, offering to purchase 95 per cent of the annual 25,000 ton output of frozen fillets.<sup>33</sup> As sales to the Soviet bloc are on a barter basis, various Russian products, including petroleum, are now evident on the island. Ever since that time, Russia has been a

significant consumer of Icelandic fish products.

On 1 September 1958, Iceland again pushed her fishing limits out, from four to twelve miles, following the failure of the first United Nations Conferences on the Law of the Sea to resolve the issue of national fishing rights. This precipitated the first of the so-called Cod Fish Wars between Iceland and England. Combat ships, frigates of the Royal Navy, were introduced into the dispute and although there were tense moments, there were no significant actions or personnel injuries.

The Royal Navy was withdrawn from Iceland's waters in March 1960, preliminary to the Second United Nations Conference on the Law of the Sea held in Geneva. Eighty nations were represented at the sessions, which were scheduled through mid April. At that conference, Iceland presented her proposal to the Committee of the Whole:

Where a people are overwhelmingly dependent upon its coastal fisheries for livelihood or economic development and it becomes necessary to limit the total catch of a stock or stocks of fish in an area adjacent to coastal fisheries zones, the coastal State shall have a preferential right under such limitations to the extent rendered by its dependence on the fishing.<sup>34</sup>

Iceland's claim to the United Nations that its special circumstances warranted recognition was rejected by the General Assembly. On 9 March 1961, the Althing agreed by a vote of 33 to 27 to settle the fishing dispute with England. Iceland allowed British trawlers to fish in a 6-12 mile zone during specified months for a three year period. In turn, England accepted the 12 mile fishing limit around the island.<sup>35</sup>

Up through 1966 the total catch of various commercially valuable species of fish continued to climb. During the 1965-1966 fishing season for example, herring, which constituted 63 per cent of the total Icelandic catch for the season, was harvested at a record rate of 770.3 thousand tons. But then the bottom dropped out for reasons still undetermined. In 1967 only 361.5 thousand tons of herring were caught. By 1970 the catch had slumped to 50.7 thousand tons. This loss had serious economic repercussions in Iceland and gave solid argument for again extending the fishing limit.

The general election of Sunday, 13 July 1971 removed Iceland's socialist-conservative government from office, and the Liberal Left assumed office. Of the sixty seats in Iceland's parliament, the Althing, the coalition gained 32 seats, 17 went to the Progressives, 10 to the Communists, and 5 to

the Liberal Leftists. During the election the Communists and the Liberal Leftists' platform called for unilaterally extending Iceland's fishing limit from 12 to 50 miles, effective on 1 September 1972. The second issue was the closing of the NATO base at Keflavik in four years. These political promises were greeted with considerable concern at NATO Headquarters in Brussels, in Washington and in London. The policy of the new government was felt first in London.

The decision to implement the extension of the fishing limit resulted in a renewal of the Cod Fish War between England and Iceland. Iceland, which exports 80 per cent of her fish and fish products, had once again confronted her competitors, Britain and West Germany. Neither of these two nations exported more than 0.2 per cent of their fish harvests of 1969.<sup>36</sup>

With a Coast Guard fleet of 5 patrol vessels, the largest the 204 feet, 1,150 ton Aegir, one fixed-wing airplane, a Gruman "Albatross" amphibian, and a helo, Iceland set out to enforce her new 50-mile fishing limit.<sup>37</sup> And the British trawlermen, bent on making a living at sea, defied the freshly imposed 50-mile limit.

Incidents increased, ranging from simple navigational harassment to cutting of fishing lines. On 17 May 1973, the

Icelandic cutter, Aegir shelled the 884 ton British trawler Everton. Although hull damage was sustained by the fishermen, no personnel injuries occurred.<sup>38</sup> Under pressure of the trawlermen, London two days later reluctantly ordered Royal Navy frigates into the disputed waters. In protest to this action, Iceland's Foreign Minister, Einar Agustsson demanded that NATO take immediate steps to remove British warships from the 50-mile zone.

On 1 June, Iceland's Prime Minister, Olafur Johannesson renewed the demand that NATO order Britain to withdraw from Iceland waters. He added:

If NATO is not capable of maintaining peace in the North Atlantic, there is nothing for us in the Alliance.<sup>39</sup>

Less than two weeks after the demand on NATO, Iceland formally asked the United States for a revision of the 1951 Defense Treaty under which the U.S. Forces, with Navy management, operate the NATO air base at Keflavik.<sup>40</sup>

Discussions reached a critical point on 11 September 1973, with Iceland's ultimatum to London that diplomatic relations would be severed unless the Royal Navy ships quit Iceland's waters. Implied in this threat was withdrawal from



NATO. NATO's Secretary General Joseph Luns visited Reykjavik on 17 September in an attempt to reconcile the troubled ally. On 30 September Luns met with the British Prime Minister at Chequers.<sup>41</sup> Two days later the Royal Navy was withdrawn, and Iceland's Prime Minister Johannesson was invited to a Cod War Summit scheduled for 15 October.<sup>42</sup> The meeting, held at 10 Downing Street, managed to come up with an interim agreement, and on 16 October, the Cod Fish War was informally terminated. The two year agreement called for reduction of the annual catch British trawlersmen can take out of Iceland's claimed waters.<sup>43</sup>

When the agreement from the London Cod Summit was officially returned to Reykjavik for ratification by the Althing, the Communists' party--the People's Alliance--balked. The 10-member parliamentary group of the Alliance voted a rejection of the British offer as unacceptable, primarily because it did not go far enough in limiting British fish catches.<sup>44</sup> After several weeks of difficult internal maneuvering, Prime Minister Johannesson was able to gain acquiescence from the Communists.<sup>45</sup> The delicacy of the Prime Minister's efforts was heightened by the hard line taken by his Communist Minister of Fisheries, Ludvik Josefsson.

Josefsson had consistently indicated he would like to use the dispute with Britain as a means for breaking Iceland's connection with NATO.<sup>46</sup>

The two year interim agreement between Iceland and England should provide sufficient time to allow the heralded United Nations Law of the Sea Conference to work out ground rules that will permanently resolve the dispute. An editorial in the 18 October 1973 Winnipeg Free Press, applauded the settlement:

The settlement, even on a temporary basis, of the dispute between two friendly nations and NATO members must be warmly welcomed. The final outcome may rest on decisions taken at the next UN conference on the law of the sea, scheduled for Chile next year - if that conference ever takes place.<sup>47</sup>

And although the conflict between the two neighbors has been tentatively resolved, there still remains the business of catching the fish. Evidence seems to indicate over-fishing of commercial stocks, and whether Iceland can sustain her present standard of living in face of this, is a matter in which only time will tell. Until the country can develop other sources of revenue, it is difficult to project an optimistic outlook for Iceland's economic future.

## THE BURDEN OF IMPORTING

The other aspect of Iceland's economy that is worrisome is that she is so heavily dependent upon imports to sustain herself. As a result, Iceland is actually importing inflation from those countries with whom she does business, and this has been a chronic problem that has plagued the tiny country for the past two decades. Over the past twenty years Iceland has experienced an annual inflation rate that has averaged between 11 and 12 per cent.<sup>48</sup> During the twelve month period ending in April 1973, Iceland was subjected to a 16.6 per cent rate of inflation, while other less import-dependent European nations averaged about an 8 per cent rate.<sup>49</sup> With the Mid East oil embargo and its associated price rises, Iceland's inflation problems are aggravated. Icelandic officials estimate that the price increase in oil will cost the nation an additional \$25 million in 1974.<sup>50</sup>

Devaluation of Iceland's kronur at least four times during the past year reflects the impact of inflation. Two of the devaluations took place in 1973. While these devaluations of the kronur have made Iceland's exports more attractive as well as competitive in the world's markets, it

has had the reverse affect of making imports more expensive for her. Iceland's small manufacturing industry is completely dependent upon these imports, and government officials have expressed concern over spiraling prices. In some cases the cost of raw materials have risen as much as 100 per cent in 1973.<sup>51</sup> Continued escalating costs for required imports paint a dismal economic picture for Iceland.

The stress of inflation has already made its imprint upon Iceland's labor movement as strikes for higher wages by nearly every category of worker were recorded in 1973. Such diverse groups of employees as public workers and the pilots and stewardesses of Iceland's two airlines have demanded, in some cases, 100 per cent wage increases. The wage hike granted the public workers was to be the model for all future pay increases in Iceland. The very lowest paid gained the highest percentage increase, while the overall pay increase will be spread out over a two and a half year period.

One of the darkest periods in Iceland's labor history began on 25 February 1974. Negotiations between employers and 35,000 workers, represented by several unions broke down and a general strike was called. The island was plunged into its worst labor crisis on record, as nonstriking but

sympathetic workers joined in the stoppage. In earlier negotiations, employers had agreed to a 33 per cent pay hike, but the government called the offer too inflationary, and the employers withdrew the offer.<sup>52</sup> When the employers proposed an increase of 26 per cent, it was rejected by the unions, and the workers walked off the job. The immediate effect of this action ranged from the stranding of nearly 200 ships in Iceland's harbors to the grounding of all flights by Iceland's two airlines.<sup>53</sup>

A larger nation could probably absorb the economic tremors from a 35,000 man walkout. For Iceland, the shutdown by nearly a quarter of the entire nation's work force was a damaging blow to their economy. The final cost of the 2 day strike has not yet been announced by the government.

#### TRIAL BY FIRE

Disruption of the Iceland economy has not been limited just to external international pressures. Another force, even less predictable, has created both physical and economic duress in Iceland. But this force, more than any other, poignantly illustrates how fragile Iceland's economy really is. The cost incurred by the recent disastrous eruption

of the volcano Helgafjell in the Westmen Island in January 1973, is still being paid.<sup>54</sup> The eruption of Helgafjell, which had been dormant since the Vikings settled Iceland in 860 AD, forced the 5,200 residents of the tiny island of Heimaey to flee for their lives. The island, which is only twelve miles south of the main island of Iceland, is but two miles wide by four miles long, yet it is one of the major centers of Iceland's fishing industry. Although only two and a half per cent of the Iceland's total population of 210,000 people live on Heimaey, the islanders produce about 20 per cent of Iceland's overall fish catch. When Helgafjell became active a considerable segment of Iceland's economy came to a standstill as volcanic ash and sparks, the size of tomatoes, rained down on the island. Homes were set ablaze and steaming molten lava oozed into Vestmannaeyjar, the only town on the island.<sup>55</sup> At the time of the eruption there were fourteen operating fish processing plants on Heimaey, one of Iceland's most modern freezing plants, as well as two of the nation's largest fishmeal factories.<sup>56</sup> An estimated \$15-million worth of frozen fish products were also stored in dockside warehouses.<sup>57</sup>

The initial loss was estimated at \$140-million, according



to Icelandic government officials. There was even some discussion of imposing a special surtax to compensate for the loss. Prime Minister Johannesson said of the situation: Heimaey island will not do any fishing for a long time . . . (it) is an enormous catastrophe."<sup>58</sup> A geologist inspecting the desolation said 'the place would be a ghost island for many years, for the lava will make it impossible to farm or raise cattle on the island for decades.'<sup>59</sup>

As if the initial eruptions and damage in January were insufficient to make Mother Nature's point, Helgafjell again became active on 18 March 1973. Lava flowed over a 30 foot wall of hardened lava from the previous eruptions, which had been formed by rescue officials to protect the town of Vestmannaeyjar.<sup>60</sup> By 24 March, seventy more homes had been engulfed, and the continued activity of Helgafjell virtually eliminated any hope of saving the country's main fishing center. Government work teams vainly tried to halt the lava flow by pumping 10,000 tons of sea water per hour onto the molten mass to congeal it and save what had not already been destroyed. Some of the discouraged workers advocated that no further money be spent on the futile defense.<sup>61</sup>

## THE LIMITED INDUSTRIAL BASE

While it has been noted that Iceland's economy is closely linked with fishing, other aspects of economic development have not been overlooked. The government has encouraged new industry in Iceland, and that which has been established has been carefully nurtured, but there has not been a significant growth in the industrial base of the nation. Aside from lack of resources, one of the basic reasons industrial growth has been retarded has been the unavailability of private investment. While the \$2,500 per capita income of the Icelanders is higher than the average for all of Europe, there is insufficient surplus for private investment.<sup>62</sup> Thus Iceland not only lacks the manpower, but the private financing necessary to develop new industries.<sup>63</sup> As a result, foreign investments have played a major role in Iceland's limited industrial development. The newest large industry on the island is the wholly Swiss owned Alusuisse aluminum smelter, constructed south of Reykjavik in 1969. The plant has an annual output capacity in excess of 30,000 tons a year.<sup>64</sup> The other major industrial plant on the island, constructed by Johns Manville Corporation, was completed in 1968. Fifty-one

per cent owned by the Government of Iceland, the plant produces filter aids using the recently discovered diatomaceous earth (silica) deposits from the bottom of Lake Myvatn.<sup>65</sup>

As a dependent nation, Iceland's economic position, standard of living, and continued prosperity are all precariously balanced. She is not only dependent upon the world community, but also upon that fragile crust that makes up the globe on which she rests. It is little wonder that Iceland is a troubled ally.

#### THE COMING OF THE REPUBLIC

From the earliest times Iceland's independence had been troubled, as the kings of Norway sought to gain control of the island. In 1152 the Norwegian archbishops began to meddle in the internal affairs of the Icelandic church. The ensuing conflict provided the Kings with an opportunity to intervene, and in 1262, the Republic of Iceland came to an end.<sup>66</sup>

Until 1380 Iceland was governed by the Norwegians, but then both came under the control of Denmark. In 1814, by the Peace of Kiel, Norway regained her independence, but

Iceland continued to be governed by Denmark.<sup>67</sup> In 1874 the king of Denmark gave Iceland a constitution, and granted limited legislative powers to the Althing, Iceland's parliament. A special minister was also appointed to handle Icelandic affairs, but he resided in Copenhagen. A constitutional dispute arose that led to the minister being assigned to Iceland's capital, Reykjavik, in 1903. Perhaps symbolic of a rising nationalism, the minister was required to be fluent in Icelandic.<sup>68</sup>

The declaration of the 1918 Union of Iceland and Denmark established the mechanism that ultimately enabled Iceland to proclaim her independence. The treaty provided that at the end of 1940, in a three year discussion period that would follow, either nation could denounce the treaty, demand a new one, or simply let the agreement lapse. And although Iceland was a sovereign state and flew her own flag, she remained united to Denmark under a common king, while her foreign affairs were managed from Copenhagen.<sup>69</sup>

Relationships were good between Iceland and Denmark during the period 1918-1940, yet Icelanders made it very clear in the Althing in 1918 and again in 1937, that they would eventually denounce the 1918 Union of Iceland and Denmark,

and assume control of their own affairs. The German invasion of Denmark in April 1940 provided the Althing with the opportunity to do just that. The altered international status of Iceland, although short of terminating the 1918 Union, was recognized in 1940 by Great Britain, the United States, Norway, Sweden and the USSR.<sup>70</sup>

On 17 May 1941 the Althing took the step to announce that it had acquired the right to initiate the termination of the 1918 Union with Denmark, since it was already managing its own affairs. On 25 February 1944, the Union was terminated and two weeks later the Althing adopted a constitution for the Republic of Iceland. The formal restoration of the government took place on 17 June 1944. Greetings and wishes of good will were conveyed to the Icelandic people by special representatives from the United States, Great Britain, the Scandinavian States, and the Soviet Union.<sup>71</sup>

The fact that Iceland has had a long history of foreign domination, coupled with her recent declaration as an independent state, could very easily influence the formulation of her foreign policy. It also could explain in part some of the apprehension or misgivings held by some Icelanders about their nation's affiliation with NATO as well as the

U.S. military presence on the island.

### HOW THE AMERICANS CAME TO ICELAND

The United States was not the first Allied military force to be stationed on the island. By virtue of her remoteness, Iceland had been relatively safe from predatory neighbors prior to World War II. But technology changed and weapons became both airborne and more sophisticated. Geographical isolation no longer insured protection. When German troops spilled into Denmark in April 1940, the cloak of Danish protection was stripped away. Iceland, without an army or navy, was vulnerable. England was quick to recognize that a German invasion of Iceland would be a dangerous threat to her North Atlantic sea lanes and so, without consultation or invitation, British troops occupied the island in May 1940.

On 7 July 1941, five months before Pearl Harbor, it was announced in Washington that U.S. troops would relieve the British garrison in Iceland. Two days later, Prime Minister Winston Churchill declared from London:

The military occupation of Iceland by the forces of the United States is of first-rate political and strategic importance; in fact it is one of the most important things that



have happened since the war began. It has been undertaken by the U.S. in pursuance of the purely American policy of protecting the Western Hemisphere from the Nazi menace. It is the view of the U.S. technical authorities that modern conditions of war, especially air war, require forestalling action, in this case especially in order to prevent the acquisition by Hitler of a jumping-off grounds from which it would be possible, bound by bound to come to close quarters with the American continent. It is not for me to comment on these American views, although I may say they seem fairly obvious to anyone who takes an intelligent interest in what is going on.<sup>72</sup>

American troops did come, early in July 1941, led by a contingent of Marines that had been scheduled for deployment in the Azores. The utilization of American military might had been preceded by explicit consultations between London, Washington, and Reykjavik. Direct messages were also exchanged between President Roosevelt and Iceland's Prime Minister Jonasson. Although Iceland agreed to the American presence, there were conditions. The primary provision was that the U.S. would withdraw all troops at the end of the war. To this President Roosevelt agreed, as well as to the recognition of Iceland independence and sovereignty both at the time of occupation and upon termination of the war.

As planned, the Americans established the base at Keflavik

in the southwest corner of the island, about 30 miles from the capital city, Reykjavik. The facility saw considerable use during the war, but on 25 October 1946, the United States, as promised, formally turned over the extensive 25,000 acre military air field to the Icelandic government. A limited number of Americans remained to assist in the operation of the field, which was now consigned to commercial aviation. By April 1947 all U.S. military personnel had departed the island.

#### ICELAND JOINS THE NORTH ATLANTIC TREATY ORGANIZATION

The discussion of Iceland participating in a military alliance was first broached in December 1948, when the United States advised Iceland that she might be asked to join the North Atlantic Treaty Organization. What followed has been described as the greatest political controversy in Iceland's history.<sup>73</sup> Membership in NATO was bitterly opposed by a vocal Communist minority. Foreign Minister Bjarni Benediktsson traveled to Washington in March 1949 to discuss the matter. He returned to Reykjavik, satisfied that the United States would not demand peacetime military bases on the island.<sup>74</sup> On 30 March, while the Althing voted 37 to 13 for NATO membership, a boisterous Communist mob stoned the Parliament.

## THE REOPENING OF KEFLAVIK

When the United States took a lead role in the formation of the North Atlantic Treaty Organization in 1949, it was to counter the growing Soviet militarism and territorial expansion. In 1948 it was Czechoslovakia, which had hoped to be the bridge between East and West, that fell to an internal Communist plot.<sup>75</sup> The 1948-1949 Russian blockade of Berlin also added impetus to the formalization of long range defense plans, which were agreed upon on 24 August 1949, in the form of the North Atlantic Pact. This was the period of the Cold War. In 1950, that war turned into actual fighting, with the outbreak of hostilities in Asia. In June 1950, the Soviet-sponsored regime of North Korea initiated the aggression as Communist troops crossed the thirty-eighth parallel in an unprovoked attack on the Republic of South Korea.<sup>76</sup> This act of open aggression alarmed free men throughout the world.

As a member of NATO, Iceland responded by reopening the military complex at Keflavik with the signing of a defense pact with the United States. It was a time of genuine fear that Korea was only a prelude to a full scale conflict on the European continent.<sup>77</sup> The signing of the agreement was

preceded by intensive discussions between Iceland, NATO, and U.S. officials on the defense of Iceland. With the experience of World War II behind them, Icelanders were anxious to resolve details on the status of forces as well as other problem areas prior to the actual arrival of troops.<sup>78</sup>

#### THE ESTABLISHMENT OF THE ICELAND DEFENSE FORCE (IDF)

The treaty that was signed on 5 May 1951 in Reykjavik, provided that the U.S. on behalf of NATO, undertake the defense of the island. The agreement stipulated that the treaty could be abrogated at any time by either party, and if such was the case, a six month discussion period would follow. If no agreement could be achieved, the treaty would automatically be cancelled after an additional twelve months.<sup>79</sup>

Thus, the Iceland Defense Force was born. U.S. military personnel arrived on the same day as the treaty was published, 7 May 1951, almost five years after the last departure of American troops from the island.<sup>80</sup> The formal ratification of the treaty in the Althing was without the acrimonious debate that characterized the NATO membership arguments.

Administratively, the Iceland Defense Force today is a subordinate unified command under the Supreme Allied Commander, Atlantic, for international NATO operations, and under the Commander in Chief, Atlantic, for tactical operations and control.<sup>81</sup> But the Iceland Defense Force was ten years old before the Navy assumed the duties as the host military service. In November 1960, the Department of Defense announced a major change in the military command structure of the North Atlantic. A month later, even before the Navy had set foot on the island, Hanson W. Baldwin, military writer for The New York Times spelled out the Navy's interest in the Arctic in an article that appeared in that newspaper on 18 December 1960.

Denmark Strait, between Iceland and Greenland, and the Iceland-Faroes gap have become increasingly important both offensively and defensively. United States surface task forces and Polaris missile submarines must transit these relatively narrow open passages to reach their operating areas in the Norwegian Sea and the Arctic. Soviet submarines must use the same straits to reach the North Atlantic.

#### THE NAVY TAKES COMMAND OF THE ICELAND DEFENSE FORCE

A half a year after the article appeared, in July 1961,

the Navy relieved the Air Force of the command of the Iceland Defense Force. And so it is today that we find nearly 3,000 U.S. servicemen in Iceland, the majority of whom are Navy men.

The extent of good will built up by the Navy in Iceland over the past decade was summed up by Benedikt Gröndal in his book, "Iceland, From Neutrality to NATO Membership." Gröndal, who has been a member of the Icelandic Parliament, as well as editor of a Reykjavik newspaper wrote:

Most Icelandic observers feel that the U.S. Navy has done a very good job of running the Defense Force since it took over in 1961. The Admirals in command have enjoyed excellent relations with the Icelandic Government, and years have passed without incidents like those which disturbed relations in the fifties.<sup>82</sup>

However, the Admirals did have some unique and unexpected problems. In 1964 an issue arose that perhaps most vividly illustrates the concern some Icelanders have with respect to the infusion of foreign influences on their native culture. This concern attained such proportions that it ultimately reached Iceland's Parliament. The situation that created the apprehension was directly related



to television.

### THE TROUBLE WITH WATCHING TELEVISION

In 1955, an Armed Forces Radio and Television Broadcast was initiated at Keflavik. Originally operating at 50-watts, the television broadcasts were low powered and difficult to receive on certain parts of the base. In 1961 the Defense Force requested and received permission from Icelandic authorities to increase broadcast power from 50 to 250 watts. In that there was no other TV stations on the island, many Icelanders in nearby Reykjavik purchased both sets and power boosted antennas to be able to receive the newly amplified Armed Forces television broadcasts. As the number of civilian sets grew, so did official concern. Finally in March 1964, a group of sixty prominent intellectuals appealed to the Althing to restrict the TV broadcasts to the base. It should be noted that none of the sixty were affiliated with the Communist Party, nor were they of an anti-NATO sentiment. Their primary concern was that prolonged exposure to American TV could be a serious threat to both Iceland's culture and language.<sup>83</sup>

When the appeal was made to the Althing to limit the

U.S. television broadcast, a counter petition, signed by over 14,000 Icelandic citizens from the Reykjavik-Keflavik area, was submitted to the Althing. In essence their argument was that they should not be restricted to receiving the TV signals if they so desired, and that they were fully capable of withstanding any foreign influence.<sup>84</sup>

The debate over television continued until October 1966, when Iceland's State Radio commenced their first television broadcasts from Reykjavik. At that time Rear Admiral Ralph Weymouth, the Commander of the Iceland Defense Force, announced that because of an agreement between the Department of Defense and the American producers of the TV films used on the Armed Forces telecasts, that he must necessarily limit the TV broadcast to the base at Keflavik by special antenna screening. The agreement between Defense and the TV industry was that the films were for entertaining service personnel, and could not compete in a possible commercial market for the same programs. Of his actions, Admiral Weymouth wrote in 1973:

. . . I remain pleased with the principal role I played in moving the U.S. television to a more remote problem. I continue to get an occasional criticism, both from

Icelanders and Americans for having taken an active stand to get our TV out of Icelandic homes . . . and out of the political limelight. The whole issue was most complicated and tied to personalities of the day. Very likely the TV (U.S. TV in Icelandic homes) was beneficial to the U.S. position for its first years, but then it got tangled in politics beyond any worth to the U.S. That was my position along with my personal view that it is possible to get an overdependence on TV and it's even worse for people if that is a foreign TV. At one time I was toying with the idea of having my youngest accidentally knock down the TV antenna! But I didn't have to do that.<sup>85</sup>

Although the issue of the Armed Forces television broadcast periodically appears on the political scene, for all practical purposes, the issue has been successfully concluded. Yet the incident does very clearly illustrate the fears of some Icelanders that their cultural heritage is endangered. While the relationship between the Icelanders and the Americans is relatively free of problems, that relationship is somewhat constrained by the restrictions imposed by the Icelandic Government upon the members of the Iceland Defense Force (IDF). Perhaps these restraints are better understood when considering that the military assigned to Keflavik number 3,000, while Iceland's population is

210,000. This means that one out of every 70 persons on the island is a member of the IDF. Put another way, the Defense Force of 3,000 men in Iceland would be like a foreign army of 3 million men in the United States.<sup>86</sup> Because of the relatively large numbers of IDF personnel to the Icelandic population and their limited recreational facilities, it was considered necessary for the Government of Iceland to restrict off-base movement of IDF personnel.<sup>87</sup>

#### IT'S NOT EASY BEING IN THE IDF

Some of the constraints placed on U.S. military personnel have an almost humorous twist. For example, junior enlisted men face a 2200 hour curfew six nights a week when they are on liberty. On Wednesdays however, the curfew is extended by two hours to midnight. The irony of the added hours is that all bars are closed on that day. Also the wearing of uniforms by lower rated personnel has been required. For those that leave the base on occasion, there are additional restrictions. Whether going into town, or just taking an off-base picnic, U.S. personnel cannot take beer or soft drinks off the base. Only two rolls of film are authorized, and one must be in the camera. As a result

of these rules, it has been reliably estimated that 75 per cent of the 3,000 servicemen assigned to the base at Keflavik never venture off the station more than once during their one year tour.<sup>88</sup> As one enlisted man assigned the base said, "I had more fun in Vietnam."<sup>89</sup>

Another reason given for the restriction of the U.S. members of the Iceland Defense Force, is the fear that many of the young single Icelandic women will be courted by the Americans. Even so, about 20 Icelandic girls marry members of the IDF every year. However, it is estimated that male Icelandic students studying abroad bring home three times that number of foreign wives each year.<sup>90</sup>

With the 3,000 man Iceland Defense Force literally sequestered at the base at Keflavik, its presence should be less objectionable. By this display of good intent, any nationalistic emotion over the IDF will be defused, particularly in view of the preoccupation of many with pressing economic issues.

#### THE IDF AS A GOOD NEIGHBOR

Regardless of restrictions, the Iceland Defense Force

has shown that it is a good neighbor. During the past six years, there have been only three major incidents involving the civil population. By definition, fist fights are considered major incidents. With a military population of 3,000 men, the Iceland Defense Force must be given high marks in neighborliness.<sup>91</sup>

There have been other occasions where the IDF has been able to contribute to their neighbors, but none was quite as dramatic as during the eruption of Kirkjufell. During the evacuation of Heimaey in early 1973, the Iceland Defense Force struggled side by side with the Icelanders to save what they could from the spewing lava and flames of Kirkjufell. Working parties of 120 men were rotated to the island every four days from 23 January through 20 February. Their task was initially to shovel volcanic ash from the roofs of homes to keep them from collapsing under the heavy weight. It was not long before the volunteers were involved in a host of other tasks, ranging from moving household and industrial equipment to operating emergency vehicles. Two C-130 aircraft, two helos, and the Naval Station's C-47 and C-117 carried more than 250 tons of equipment, 67 hospital patients, and nearly 400



sheep to safety during the month long operation.<sup>92</sup>

### TOURISM - THE UNSUSPECTED THREAT

The concern which some Icelanders have for the security of their culture is understandable and can be appreciated by most. But with the current rigorous restrictions imposed upon the movements of the members of the Iceland Defense Force, it is unlikely that the American presence constitutes a serious exposure of a foreign influence. Yet it appears that those protectors of culture that concern themselves with the IDF as a serious threat to their heritage may not see all. They could well be overlooking a less obvious, but more serious menace to Iceland's traditions, a force which they themselves could be promoting--the tourist.

Tourism, as an industry, is growing by leaps and bounds in Iceland as perhaps it should as one of the last unsullied locales of Europe. In 1951 there were only 4,084 foreign visitors to the island. In 1968, there were over 40,000, and in 1970, 53,000 foreigners visited Iceland. Visitors come from both Europe and North America:

### Nationalities of 1968 Visitors\*

Norway . . . . .	1,662
Sweden . . . . .	2,855
United Kingdom . . . . .	3,986
Germany . . . . .	4,231
Denmark . . . . .	4,519
United States . . . . .	15,278

\*Source: Europa Year Book-1970

Tourism, even now, could be having a more profound influence upon the Icelandic way of life, with less economic return, than does the Iceland Defense Force. As various tourist-oriented businesses vie for the visitor's dollars, pounds and marks, there are bound to be changes on the local scene. Evidence is seen in any area of the world that stresses tourism as an industry, as efforts are made to accommodate the traveler. But as these arrivals add to the economy, the businesses that spring up to support the tourist trade can, if care is not taken, subtract from the charm and natural character of both the people and the region. If tourism continues to grow in Iceland, as the trend seems to indicate it will, those defenders of Iceland's cultural heritage would do well to consider the challenge it offers.

The figures on the value of tourism to Iceland in recent years are not available, but in 1966 Iceland registered \$3-million in tourist receipts. In 1969, tourist receipts had increased to \$4-million. (Tourist receipts are defined by the International Monetary Fund as including receipts for goods and services provided to foreigners visiting a country, including transportation within that country).<sup>93</sup> And while the Iceland Defense Force maintains a relatively low profile on the island, it is estimated that the base, in addition to providing a defense force for the Icelanders, quietly brings in \$22-million annually.<sup>94</sup> This does not include the cost for the availability of IDF helos that fly many mercy-missions every year to assist Icelanders in distress.

#### A TIME OF UNCERTAINTY - A NEED FOR UNDERSTANDING

The issue of the base at Keflavik, as a political matter, has been skillfully exploited by the Communists. And it is the Communist backed Peoples' Alliance which, as one of the coalition parties, maintains a delicate majority in the government. But there are also some Icelanders not of the same political bent as the Peoples' Alliance, who

would like to terminate the 1951 defense agreement in 1975. Yet other Icelanders, such as the former mayor of Reykjavik, have voiced concern over the island's security and the nation's responsibility to NATO:

It is our duty to think of our neighbors, such as Norway, which spends 3 or 4 per cent of its income on defense. We occupy a position vital to the security of other nations. Not to accept this would be unworthy of an independent nation.<sup>95</sup>

Continuation of the Iceland Defense Force is complicated by domestic politics. Time and again, the presence of the IDF has become a political issue during an election year. When the coalition government was formed after the 1971 election, the Communist Party agreed to join on the basis of a declaration that the government would aim to expel the Americans before the 1975 elections.<sup>96</sup> Iceland's Progressive Party, the largest partner in the coalition, has shown no great enthusiasm for this action. Both the Prime Minister, Mr. Johannesson, and his Foreign Minister, Mr. Agustsson, are members of the Progressive Party, and while periodically reaffirming the 1975 deadline, have offered to discuss various possible transitional arrangements.<sup>97</sup>

Some opposition politicians have been urging a compromise solution, such as a reduction of the total numbers of IDF personnel on the island, along with reduced flight activity.<sup>98</sup> But Communist Commerce Minister Magnus Kjartansson has already indicated that if the Althing rejects Iceland's unilateral withdrawal from the 1951 defense agreement with the United States, his party, the Peoples' Alliance, will withdraw from the coalition government and force a political crisis.<sup>99</sup>

The Communist Party in Iceland numbers only about 2,500, yet it was able to collect over 17 per cent, or 18,055 of the 103,330 votes cast in the 1971 election.<sup>100</sup> Although small in membership, the influence of the Party is large. Since World War II, the Communists have polled between 12 and 20 per cent of the popular vote. It is because of their stand on such popular nationalistic issues as opposition to NATO membership, the continuation of the IDF, and advocating the extension of the fishing limit that they have achieved very broad political appeal. The support of the voters has enabled the Communists to supply two of the ministers in Prime Minister Olafur Johannesson's seven-man cabinet.<sup>101</sup> And their voices will undoubtedly be heard

in the yet to be resolved issues which have serious implications for the United States, NATO, and Great Britain. Matters such as further expansion of Iceland's fishing limits, retention of NATO membership, and the maintenance of the Iceland Defense Force, are all issues that must be addressed. Iceland's politics must run its course, and if the past is any indicator, that voyage will be on storm tossed political waters. All the while, it is essential that Iceland's friends and allies continue to display good judgment and patience.

Most importantly however, Iceland's friends must recognize that she has not been favorably endowed with the basic benefits of nature. As a result of the harshness of her environment, Icelanders have turned inward and as a result, have created a strong sense of individualism and destiny. By their own admission, the near obsession with their heritage occupies the cold winter nights, as they read and reread the old Icelandic sagas. And while they ponder their lineage, the issue of the foreign presence and their own identity and independence becomes intertwined until the fundamental issue of Iceland's future role in the world becomes obscured.



Considering that Iceland seems to have been subjected to so many of fate's dirty tricks, it might be appropriate to turn to Mother Nature for a solution. In that the future of Iceland, like the weather, is unpredictable, it may be that weather in the long run will determine the order of priorities. As one long time observer of the Iceland scene said:

In winter, Icelanders look for causes.  
But when the spring comes, the days  
get longer and the snow melts, and people  
forget about these things and go  
out into the countryside again.<sup>102</sup>

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13. ABSTRACT

"Iceland-Troubled Ally" is a background study of that nation, which illustrates the various physical and economic difficulties which it faces. The paper uses various comparisons to describe the environmental, political and economic shortcomings of the country. The history of the "Cod Fish Wars" and the U.S. military presence on the island are briefly traced, and the political implications of these two issues is addressed. The paper concludes that most of the problems of Iceland are a function of her geographical position and physical environment.

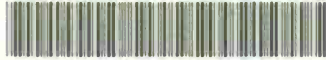
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